

Auditor's Summary

Financial Audit of the Hawai'i Tourism Authority

Financial Statements, Fiscal Year Ended June 30, 2016



PHOTO: HAWAII TOURISM AUTHORITY / TOR JOHNSON

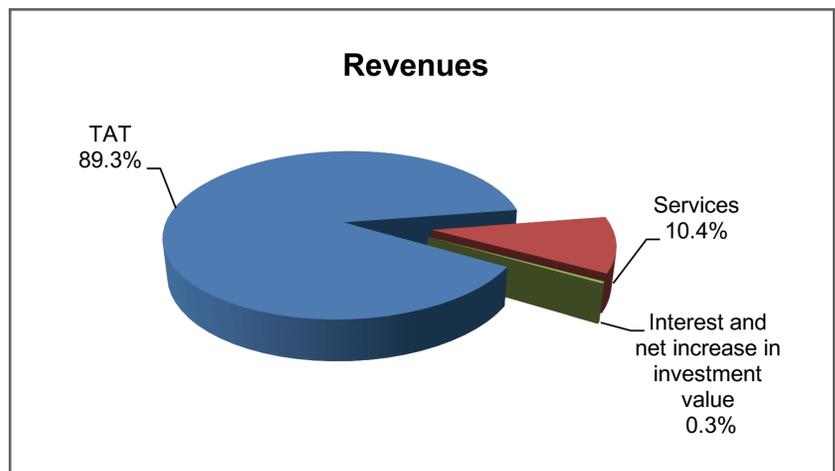
THE PRIMARY PURPOSE of the audit was to form an opinion on the fairness of the presentation of the financial statements for the Hawai'i Tourism Authority (HTA), as of and for the fiscal year ended June 30, 2016. The audit was conducted by CW Associates, A Hawai'i Certified Public Accounting Corporation.

About the Authority

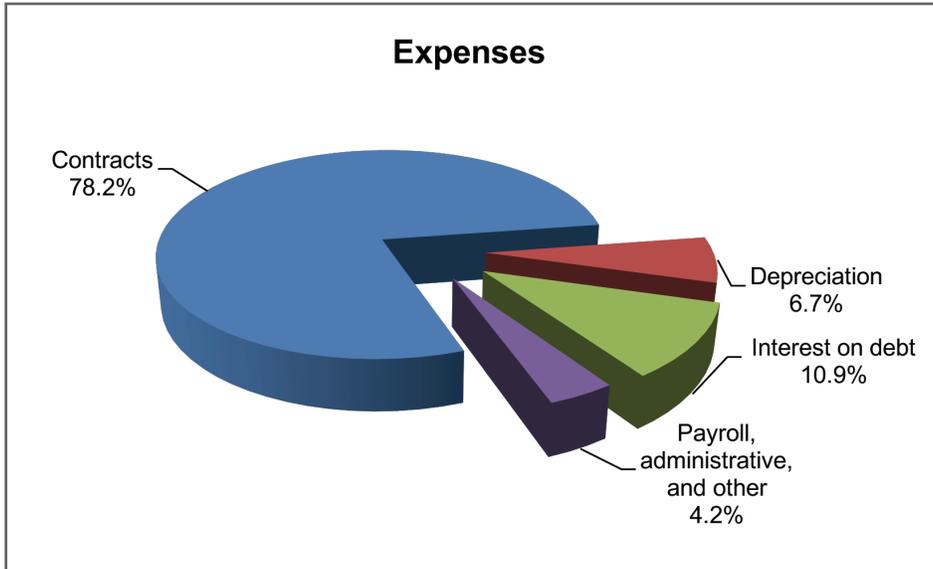
HTA IS RESPONSIBLE for developing and implementing a strategic tourism marketing plan to enhance and promote the tourism industry in the State of Hawai'i. HTA is also responsible for the Hawai'i Convention Center. The primary source of funding for HTA's operations is the Transient Accommodations Tax (TAT) collected by the State. HTA is governed by a board of directors comprised of 12 voting members, each of whom is appointed by the Governor. HTA was established on January 1, 1999, and was placed within the Department of Business, Economic Development and Tourism for administrative purposes.

Financial Highlights

FOR THE FISCAL YEAR ended June 30, 2016, HTA reported total revenues of approximately \$121.6 million, along with \$5 million in transfers from other state departments, and total expenses of approximately \$102.3 million. Revenues consisted of \$108.5 million from TAT, \$12.7 million from charges for services, interest of \$300,000, and a net increase in the fair value of investments of \$100,000.



Total expenses of \$102.3 million consisted of \$80 million for contracts, \$11.2 million for interest on debt obligations, \$6.9 million for depreciation, and \$4.2 million for payroll, administrative, and other costs.



As of June 30, 2016, assets totaled \$318.6 million and liabilities totaled \$258 million, leaving a net position balance of \$60.6 million. Total assets included cash of \$74.2 million, investments of \$16.7 million, land and net capital assets of \$209.9 million, and other assets of \$17.8 million. Total liabilities of \$258 million included \$244.4 million due to the State Department of Budget and Finance for general obligation bonds and accrued interest related to the construction of the Hawai‘i Convention Center. The bonds are general obligations of the State and are secured by the State’s full faith and credit. The debt service payments are to be primarily funded by an allocated portion of the TAT and revenue generated by the Hawai‘i Convention Center.

Auditors’ Opinion

HTA RECEIVED AN UNMODIFIED OPINION that the financial statements were presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Findings

THERE WERE NO REPORTED DEFICIENCIES IN INTERNAL CONTROL over financial reporting that were considered to be material weaknesses and no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

For the complete report and financial statements, visit our website at:
http://files.hawaii.gov/auditor/Reports/2016_Audit/HTA2016.pdf